

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 EB-11 NEA-10 TRSE-00 SAJ-01 ACDA-19

IO-14 AEC-11 DRC-01 (ISO)W  
----- 117100

P R 111621Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7005

INFO SECDEF

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 00487

VIENNA FOR MBFR DEL

E.O. 11652: XGDS-1

TAGS: MCAP, NATO

SUBJECT: FINANCIAL PROBLEMS ARISING FROM THE STATIONING  
OF US FORCES IN EUROPE

REF: STATE 104

SUMMARY - WE SHARE AMBASSADOR RUMSFELD'S CONCERN AT  
ATTITUDE OF UK TOWARD REDUCTIONS OF US SHARES OF NATO  
BUDGETS WHICH WAS EXPRESSED IN UK PERMREP'S INTERVENTION  
AT JANUARY 9 NAC. NEVERTHELESS WE STRONGLY DOUBT  
UTILITY OF APPROACHES TO BRITISH AT MINISTERIAL LEVEL,  
ESPECIALLY IN THE CURRENT ATMOSPHERE OF DEEP CRISIS IN  
BRITAIN. IN OUR VIEW SUCH REPRESENTATIONS WOULD BE  
COUNTERPRODUCTIVE AND AT BEST COULD LEAD TO NO MORE  
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THAN FURTHER EXPOSITION FROM A HIGH LEVEL OF BRITISH

UNWILLINGNESS TO CONSIDER CONTRIBUTING TO MULTILATERAL  
BURDENSARING EXERCISE. END SUMMARY

1. INTERVENTION BY UK PERMREP AT JANUARY 9 NAC, WHILE  
DISCOURAGING AND UNHELPFUL IN NATO CONTEXT, WAS WHOLLY  
CONSISTENT WITH DECLARED BRITISH POLICY ON BURDENSARING  
WHICH HAS BEEN REPEATEDLY STATED IN NATO AND IN BILATERAL  
CONVERSATIONS WITH US OFFICIALS HERE AND IN WASHINGTON.  
KEY FOREIGN OFFICE OFFICIALS THIS WEEK FORCEFULLY  
REITERATED TO US THE UK POSITION, AT SAME TIME STRESSING  
HMG'S INTENTION TO ACCELERATE PAYMENTS IN FY 74 ON  
MILITARY PROCUREMENT ACCOUNT. THEY ALSO POINTED OUT THAT  
ASSUMPTION BY UK OF LARGER SHARE OF COSTS OF NATO BUDGETS  
TO ASSIST US, HOWEVER NOMINAL IN AMOUNT, IS OUT OF THE  
QUESTION. THEY MADE THE POINT THAT THE PRESENT UK SHARE  
OF NATO BUDGET IS HIGHER THAN JUSTIFIED IN TERMS OF  
NORMAL ECONOMIC MEASUREMENT.

2. FOREIGN OFFICE OFFICIALS AGAIN REMINDED US THAT  
BRITISH HAVE NOT PRESSED THEIR OWN CASE FOR REDUCTION OF  
THEIR SHARES OF NATO BUDGETS IN ORDER NOT TO JEOPARDIZE  
US EFFORTS TO INDUCE OTHER NATO MEMBERS TO ASSUME  
INCREASED SHARES. FURTHER, THESE OFFICIALS SAY, UK HAS  
NO OBJECTION TO ANY ARRANGEMENTS US MAY MAKE WITH OTHER  
MEMBERS TO DECREASE US SHARES OF NATO BUDGETS. HOWEVER,  
THEY BELIEVE THAT TO STATE THE UK POSITION IN ANY LESS  
NEGATIVE TERMS MIGHT GIVE A FALSE SIGNAL OF BRITISH  
WILLINGNESS AND ABILITY TO PARTICIPATE IN BURDENSARING.  
NEVERTHELESS ONE OFFICIAL (WIGGIN) OBSERVED TO US THAT  
PERHAPS UK IS TALKING TOO MUCH IN NATO ABOUT BRITISH  
INABILITY TO TAKE PART IN MULTILATERAL BURDENSARING.  
CONSTANT REPETITION OF WELL-UNDERSTOOD BRITISH POSITION  
IS NOT ONLY NECESSARY BUT UNHELPFUL, WIGGIN CONCEDED.

3. THE BRITISH SEE THEMSELVES IN THE MOST SERIOUS  
ECONOMIC CRISIS SINCE THE WAR. FCO AND MOD OFFICIALS  
CONTENT THAT ECONOMIC AND FINANCIAL CONSTRAINTS AND  
BALANCE OF PAYMENTS PROBLEMS WHICH HAVE TO DATE  
CONDITIONED NEGATIVE BRITISH APPROACH TO BURDENSARING  
ARE NOW MORE EXIGENT. UK CAN THEREFORE BE EXPECTED TO  
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LAY HEAVY EMPHASIS ON CURRENT UNCERTAIN ECONOMIC  
SITUATION AND THE EXPECTATION THAT BRITISH BALANCE OF  
PAYMENTS WILL CONTINUE TO RUN A HEAVY DEFICIT DUE INTER  
ALIA TO INCREASED PRICE OF OIL (WHICH OF COURSE POSES  
PROBLEMS FOR OTHER COUNTRIES TOO). THIS WILL REINFORCE  
CONVICTION OF HMG THAT BRITISH CASE FOR MILITARY BALANCE  
OF PAYMENTS RELIEF IS STRONGER THAN THAT OF US AND, IN  
ANY CASE THAT EVEN MODEST BRITISH PARTICIPATION IN

MULTILATERAL BURDENSARING BEYOND MILITARY PROCUREMENT IS UNSUPPORTABLE.

4. THE BRITISH GOVERNMENT WELL UNDERSTANDS THE ARGUMENTS FOR VISIBLE PROGRESS ON MULTILATERAL BURDENSARING WHICH AMBASSADOR RUMSFELD EXPRESSED IN THE REF MESSAGE. THEY ALSO REALIZE THAT THEIR UNWILLINGNESS TO PARTICIPATE IS A DETERRENT TO SMALLER ALLIES, HOWEVER POSITIVE THEY CONTEND THEIR GESTURE OF NON-INTERFERENCE WITH US

NOTE BY OC/T: REFTEL BELIEVED TO BE INCORRECT.

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IO-14 AEC-11 DRC-01 /171 W

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P R 111621Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7006

INFO SECDEF

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 00487

EFFORTS TO BE. HOWEVER, GIVEN THE TENSE MOOD OF GOVERNMENT MINISTERS AT THIS TIME, THE PRESENT CRITICAL STATE OF AFFAIRS IN BRITAIN AND THE PREDICTABLE RESPONSE, WE STRONGLY RECOMMEND AGAINST ANY HIGH-LEVEL APPROACHES

ON BURDENSARING AT THIS TIME. TO DO SO COULD ONLY ADD  
AN IRRITANT TO US-UK RELATIONS WITH NO PROSPECT OF  
PRODUCING ANY ESSENTIAL CHANGE IN THE SITUATION. RIGHTLY  
OR WRONGLY BRITISH BELIEVE THAT BY TRYING TO HOLD THE  
LINE ON THEIR OWN DEFENSE EXPENDITURES AND IN EXPRESSING  
READINESS TO ACCELERATE MILITARY PROCUREMENT PAYMENTS  
THEY ARE ALREADY MAKING A GENUINE AND SUBSTANTIAL  
CONTRIBUTION TO BURDENSARING. IT IS IMPORTANT TO  
ENCOURAGE BRITISH TO TRY TO DO THESE THINGS. BEYOND THAT  
IT IS IMPROBABLE THAT BRITISH WILL BE DISPOSED TO FIND  
MORE CASH TO ASSIST US BALANCE OF PAYMENTS PROBLEMS.  
OUR BEST APPROACH WILL BE TO CONTINUE TO TALK QUIETLY  
WITH BRITISH AT OFFICIAL LEVEL TO ENCOURAGE THEM TO BE  
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MORE HELPFUL IN NATO CONTEXT; AND WE WILL DO SO HERE.  
AT SUCH TIME AS THERE IS SOME EASING OF IMMEDIATE  
DOMESTIC CRISIS THERE MIGHT BE ADVANTAGE IN HIGH-LEVEL  
CONTACTS WITH HMG ON BURDENSARING, BUT AT THIS WRITING  
PRESSURE ON THEM WOULD NOT ADVANCE OUR OWN INTERESTS.

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## Message Attributes

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